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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

BY HAND DELIVERY

Magalie Roman Salas, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

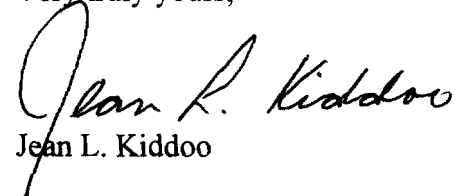
Re: Ex Parte Presentation in CC Docket No. 97-211

Dear Ms. Salas:

Transmitted herewith on behalf of WorldCom, Inc. and MCI Communications Corporation and pursuant to Section 1.1206(a) of the Commission's Rules, 47 C.F.R. § 1.1206(a) (1997), this is to provide an original and one copy of a notice of an *ex parte* presentation made yesterday in the above-referenced proceeding on behalf of WorldCom, Inc., by Charles Cannada, Ron Beaumont, Chris Pace, Derek Park, Richard Heitmann, Catherine Sloan, and the undersigned, and MCI Communications Corporation, by Ray Allieri, Mark Mandell, Jonathan Sallet, and Larry Blosser. These WorldCom and MCI Participants met with Michael Pryor, Michelle Carey, Bill Bailey, Michael Kende, Jennifer Fabian, and Aaron Adams of the Common Carrier Bureau, and Marilyn Simon and Matt Nagler of the Office of Plans and Policy ("FCC Participants") to discuss local and long distance issues raised in this proceeding and addressed in their comments and in written materials distributed at the meeting. Copies of the written materials provided to the FCC Participants are attached hereto.

Should any further information be required with respect to this *ex parte* notice, please do not hesitate to contact me. I would also appreciate it if you would date-stamp the enclosed extra copy of this filing and return it with the messenger to acknowledge receipt by the Commission.

Very truly yours,


Jean L. Kiddoo

Enclosures

cc (w/o enc.): FCC Participants
Larry A. Blosser, Esq.

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MCI/WORLDCOM TRANSFER OF CONTROL

CC DOCKET 97-211

LOCAL SERVICES

***EX PARTE* PRESENTATION BY MCI/WORLDCOM**

JUNE 30, 1998



LOCAL SERVICES - 1



MARKETING STRATEGIES



NETWORK INTEGRATION AND EXPANSION



COST SYNERGIES



CWA AND RAINBOW/PUSH ALLEGATIONS



LOCAL SERVICES - 2



MCI/WORLDCOM MERGER



➤ MCI & WORLDCOM STRENGTHS

- ✓ Similar Corporate Cultures
- ✓ Strong LD Services and Networks
- ✓ Strong Data Services
- ✓ Local Facilities Investment



LOCAL SERVICES - 3



MCI/WORLDCOM MERGER



➤ WORLDCOM STRENGTHS

- ✓ Local Networks (MFS/Brooks)
- ✓ Small/Medium Business Customers
- ✓ International Networks
- ✓ Known as One of Best Cost Control Companies

➤ MCI STRENGTHS

- ✓ Residential and Large Business Customers
- ✓ Customer Care
- ✓ Large Marketing Organization & Brand Name Recognition
- ✓ Information Technology/Back Office Capabilities



LOCAL SERVICES - 4



MARKETING STRATEGIES



⇒ MARKETING AND CUSTOMER DEMAND
DRIVES THE BUILD OUT STRATEGY



⇒ BUILD THE NETWORK TO REACH THE CUSTOMERS,
BASED ON TYPE OF SERVICES ALLOWED TO BE OFFERED AT TIME
OF CONSTRUCTION

⇒ USE DIFFERENT CHANNELS TO DEFINE NETWORK EXPANSION
AND MAXIMIZE NETWORK UTILIZATION

✓ For Example, Resale of WorldCom Local Facilities-Based Service



LOCAL SERVICES - 5



MARKETING STRATEGIES

◆
⇒ COMBINATION WITH MCI FACILITATES ABILITY
TO SERVE LOCAL RESIDENTIAL MARKET
BY BRINGING COMPLEMENTARY STRENGTHS TO MERGER

◆
⇒ WORLDCOM'S LOCAL FACILITIES (MFS AND BROOKS)
COMBINED WITH MCI'S LONG DISTANCE CUSTOMER BASE
AND MARKETING EXCELLENCE PROVIDES ENORMOUS
OPPORTUNITY

◆
⇒ THE EASIEST PRODUCT TO SELL
IS A NEW PRODUCT TO AN EXISTING CUSTOMER AND THE
BEST WAY TO RETAIN CUSTOMERS IS TO OFFER NEW SERVICES



LOCAL SERVICES - 6



MARKETING STRATEGIES



⇒ CAP/CLEC Model

✓ OFFENSE



⇒ IXC/Local Service Model

✓ OFFENSE and DEFENSE

MARKETING STRATEGIES



⇒ LOCAL PLANNING METHODOLOGY



⇒ MARKET ASSESSMENT

- ✓ Regulatory Environment
- ✓ High Level Market Potential
 - ✓ Existing LD Base
- ✓ Potential Cost Savings (internal)
- ✓ Network Costs/Partnering Opportunities
- ✓ Financial Model – Cash Flow; IRR; NPV

MARKETING STRATEGIES



⇒ RESIDENTIAL CUSTOMERS

- ✓ Committed to Serve Every Customer with Combination of
Local and Long-Distance
Ebberts/Roberts Letter



⇒ USE UNE COMBINATIONS AS A TRANSITION VEHICLE TO FACILITIES-BASED SERVICE

- ✓ “Resale” not Viable – Short- or Long-Term
 - ✓ Leader in NY Collaborative Process
 - ✓ Local Facilities Field Trials
- Benefit of WorldCom Loops Experience

TRIALS DESIGNED TO PREPARE FOR FUTURE DEPLOYMENT



⇒ OBJECTIVES

- ✓ Test Ability to Deliver Facilities-Based Local Residential Service
- ✓ Develop Long-Term Residential Facilities Service Delivery Process
- ✓ Identify Future (End State) Business Process and Systems Requirements
 - ✓ Identify Unique Customer Sales And Service Requirements



⇒ DESIGN

- ✓ Three Test Beds
- ✓ Two Service Delivery Methods
- ✓ Multiple Locations
- ✓ Multiple Customers Per Location (mix of employees and customers)
 - ✓ Houses, Apartments, Condominiums
 - ✓ Mix of New and In-Place Secondary Lines with Some Usage



LOCAL SERVICES - 10



**MCI WORLDCOM REPRESENTS THE BEST OPPORTUNITY
FOR LOCAL COMPETITION**



- ⇒ LOCAL AND LONG DISTANCE ASSETS REQUIRE OFFENSIVE AND DEFENSIVE STRATEGIES



- ⇒ NATIONAL SCALE AND SCOPE



- ⇒ PROVEN COMMITMENT TO FACILITIES-BASED LOCAL SERVICE



- ⇒ EXPERIENCE



- ⇒ COMMITMENT TO COMPETITION



LOCAL SERVICES - 11



NETWORK BUILDOUT AND INTEGRATION



⇒ COMPATIBLE TECHNOLOGY SIMPLIFIES INTEGRATION
WITH MCI NETWORK



⇒ LOCAL: WORLDCOM AND MCI USE SAME
SONET TECHNOLOGY



⇒ LONG DISTANCE: WORLDCOM AND MCI HAVE
INDUSTRY STANDARD SWITCHING PLATFORM AND
INFRASTRUCTURE



⇒ SIGNIFICANT INTERCONNECTION ALREADY EXISTS BETWEEN
THE WORLDCOM AND MCI NETWORKS

NETWORK EXPANSION



- ⇒ ADDITIONAL CAPACITY CAN BE ADDED THROUGH ELECTRONICS
RATHER THAN LAYING ADDITIONAL FIBER
(LOCAL AND LONG DISTANCE)



- ⇒ WAVE DIVISION MULTIPLEXING
(See "Optical Networking Concepts" Presentation)



LOCAL SERVICES - 13



COST SYNERGIES



⇒ TOTAL OPERATING COST SAVINGS
\$2.5 BILLION IN 1999 AND \$5.6 BILLION IN 2002



11-12% OF COMBINED OPERATING COST

	<u>1999</u>	<u>2002</u>
Core SG&A:	\$1.0 billion	\$1.3 billion
MCI Local Savings:	\$0.5 billion	\$1.2 billion
Domestic Line Costs:	\$0.6 billion	\$1.8 billion
International Line Costs:	\$0.4 billion	\$1.3 billion



LOCAL SERVICES - 14



COST SYNERGIES



⇒ CAPITAL EXPENDITURE SAVINGS
\$2.0 BILLION IN 1999, \$2.0 BILLION IN 2002

- ✓ Domestic long distance network activities
 - ✓ Local network buildout
 - ✓ Information technology



LOCAL SERVICES - 15



CWA IS WRONG



⇒ SYNERGIES IN CAPITAL EXPENDITURES DO NOT REFLECT A
REDUCTION IN SERVICES, THEY REFLECT THE BENEFITS OF
PUTTING THE NETWORKS TOGETHER



⇒ CWA MIXES OPERATING SYNERGIES WITH CAPITAL SYNERGIES
IN ITS \$5.3 BILLION FIGURE



⇒ MCI CONTINUED INVESTMENT IN LOCAL FACILITIES FOLLOWING
MERGER ANNOUNCEMENT



LOCAL SERVICES - 16



RAINBOW/PUSH IS WRONG



⇒ RAINBOW'S ANALYSIS IS FUNDAMENTALLY FLAWED BECAUSE
IT ASSUMES THAT FIBER IS THE ONLY METHOD OF REACHING
LOCAL SUBSCRIBERS



⇒ THERE WILL NOT BE SIGNIFICANT DEPLOYMENT OF FIBER TO
RESIDENTIAL AND SMALL BUSINESS LOCATIONS FOR THE
FORESEEABLE FUTURE



⇒ THE BEST WAY TO GET LOCAL COMPETITION TO ALL
RESIDENTIAL NEIGHBORHOODS - MINORITY OR NON-MINORITY -
IS TO MAKE UNBUNDLED FACILITIES AVAILABLE AT
FORWARD-LOOKING PRICES

OPTICAL NETWORKING CONCEPTS

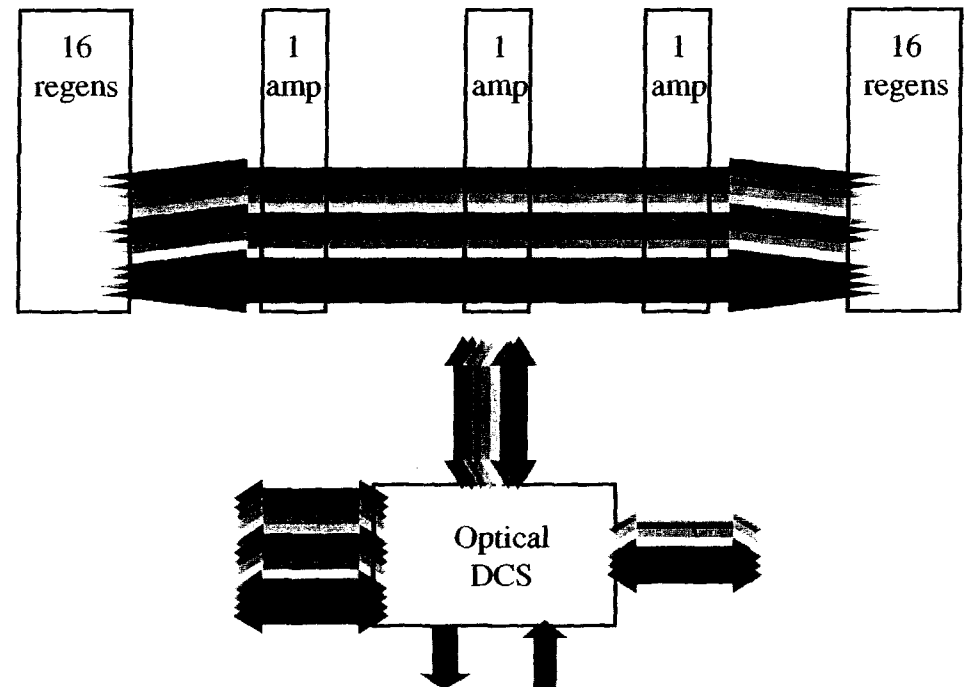
Virtual Fiber

- (multiple wavelengths/colors of light on a single fiber is equivalent to additional fibers)

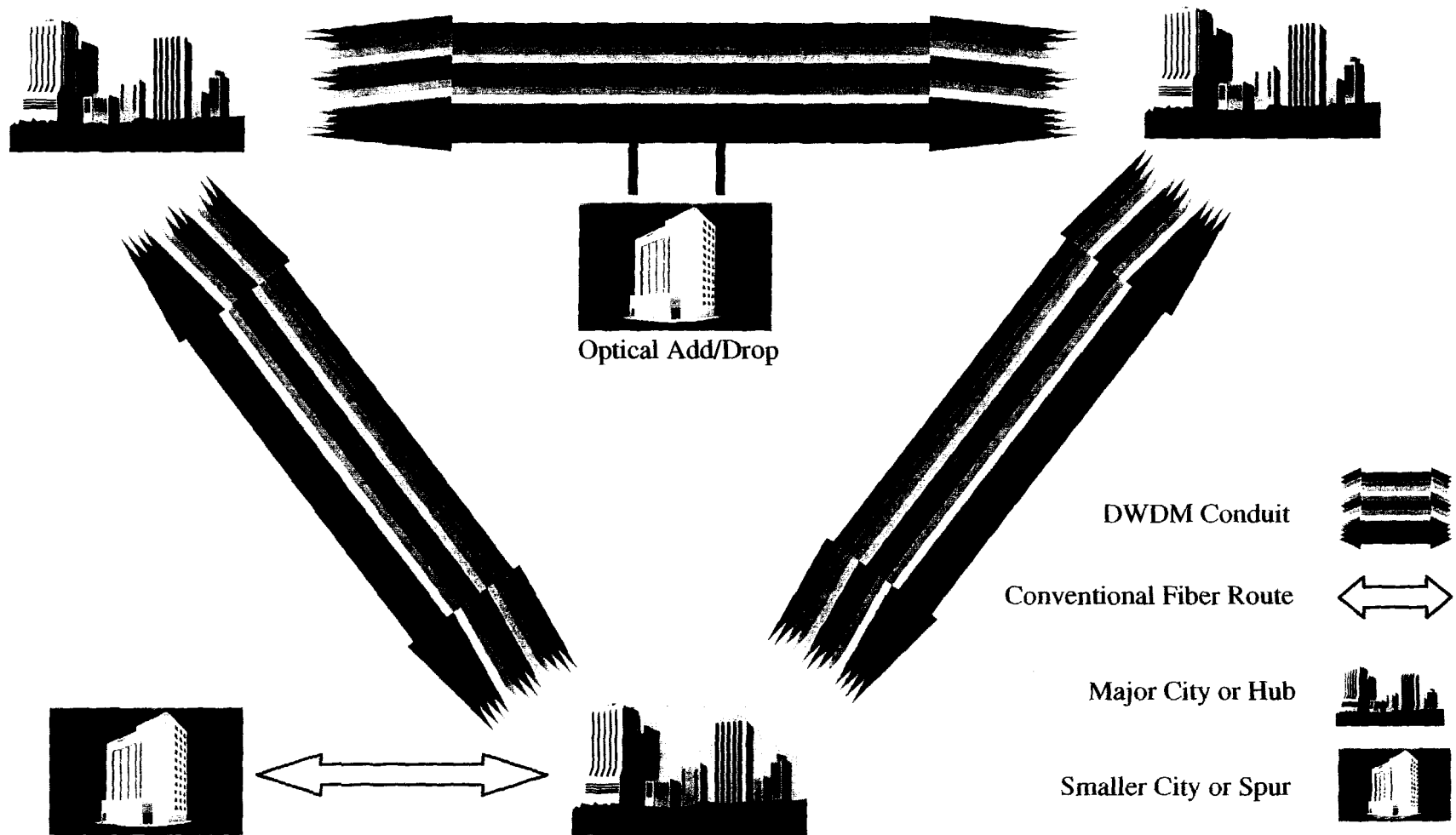


Virtual Regeneration

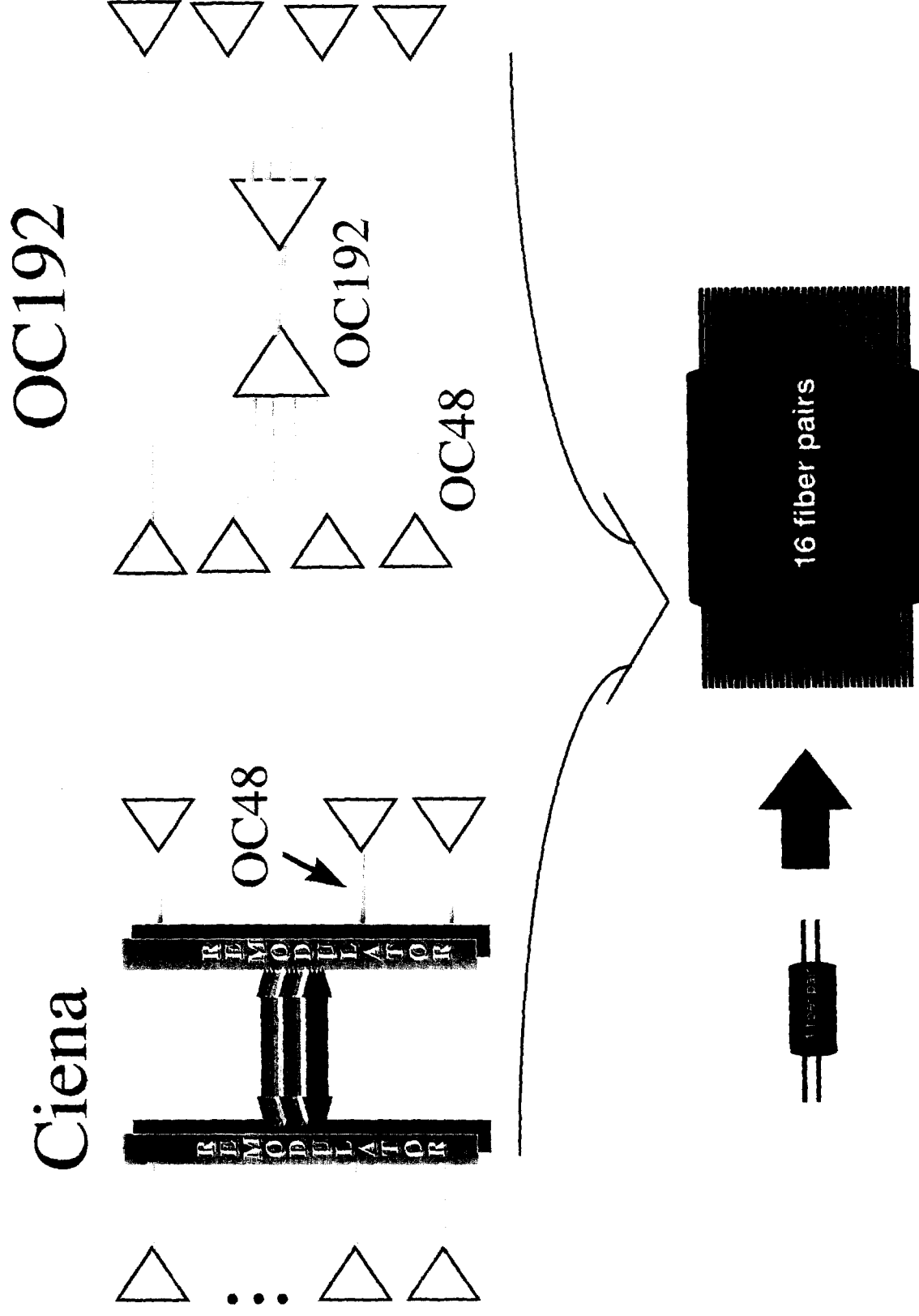
- (optical amplifiers compensate fiber loss and reduce the need for electrical regeneration....all colors/channels on a fiber are boosted with a single amplifier versus multiple electrical regenerators)
- **Virtual Networks**
- (optical switches allow for capacity and connectivity to be provisioned and managed at the optical level)



CONSTRUCTION OF THE OPTICAL LAYER



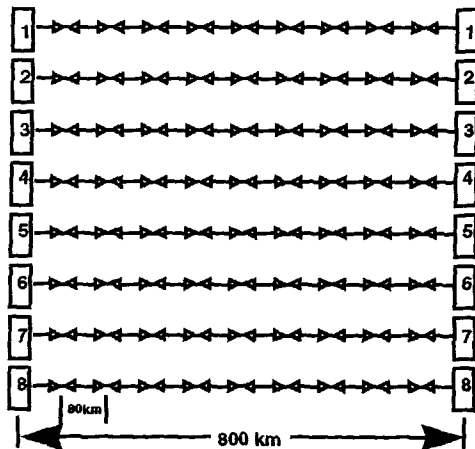
VIRTUAL FIBER



DWDM TECHNOLOGY

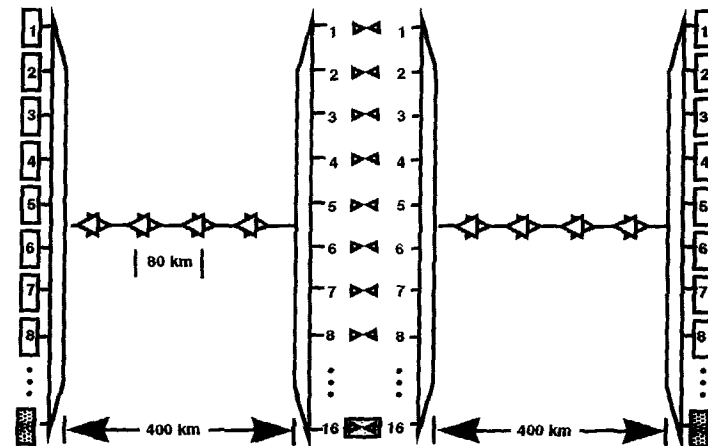
Major Savings In Equipment, Power, Space & Fiber

Without DWDM



**72 REPEATER SYSTEMS
8 FIBER PAIRS**

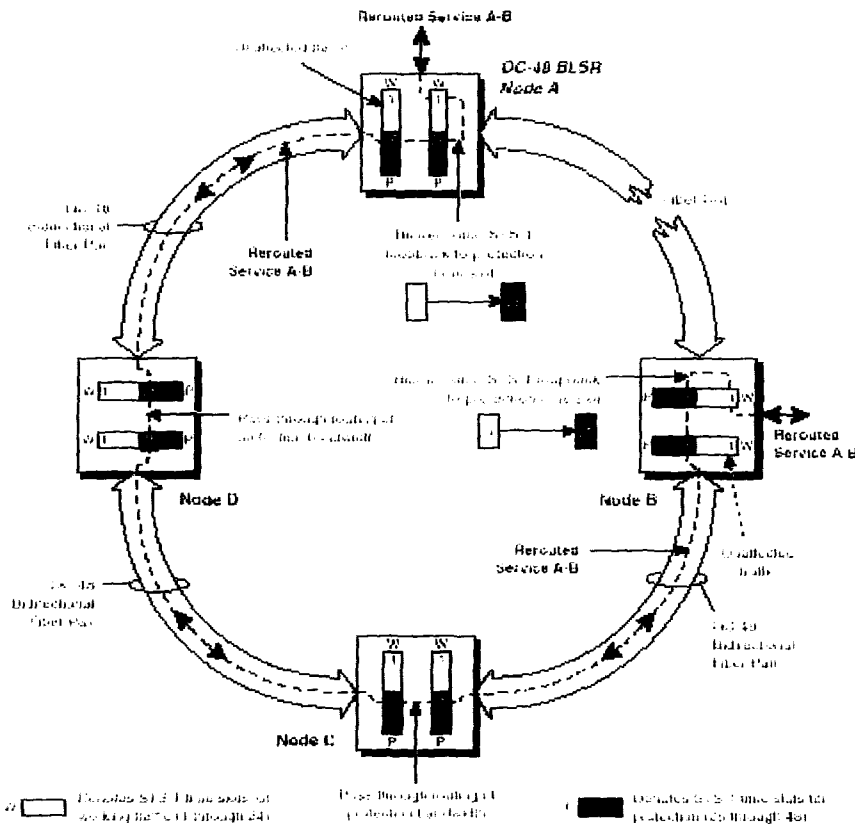
With DWDM



**8 AMPLIFIER SYSTEMS
8 REPEATER SYSTEMS
4 MULTIPLEX SYSTEMS
1 FIBER PAIR**

SONET TECHNOLOGY

OC-192/OC-48 Ring



Automatic Healing of Failed or Degraded Optical Spans

In the event of failure or degradation in an optical span, automatic ring protection switching (RPS) reroutes affected traffic away from the fault within 50 milliseconds—preventing a service outage. Traffic is redirected by looping back STS-1 time slots as shown in Figure 18. Logically, the normally unused protection bandwidth bridges the defective span thereby maintaining service for all terminating and pass-through traffic.